

Message Text

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43

ACTION PM-04

INFO OCT-01 ARA-10 ISO-00 DODE-00 EB-07 L-03 MC-02 OMB-01

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R 162102Z AUG 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6753

INFO USDOC WASHDC

UNCLAS BUENOS AIRES 5376

PASS DOD-ISA (DSAA)

E.O. 11652: N/A

TAGS: BEXP, AR, MASS

SUBJ: FMS PURCHASE OF AIRCRAFT

1. RECENTLY THE ARGENTINE ARMY (HEREINAFTER "AA") PRIVATELY SUBMITTED TENDER TO REPS OF US AIRCRAFT COMPANIES FOR 4 LIGHT AIRCRAFT. BIDDING IS BY INVITATION ONLY. TERMS OF TENDER INDICATES FMS CREDITS TO BE APPLIED TO PURCHASE. FURTHER, UPON AWARDDING TO CONTRACT, SUCCESSFUL BIDDER IS REQUIRED TO PUT UP A PERFORMANCE GUARANTEE IN THE AMOUNT OF 20PERCENT OF CONTRACT PRICE (ROUGHLY US \$900,000 ASSUMING US\$4 MILLION ORDER).

2. TO SATISFY THIS LAST CONDITION, TENDER SPECIFIES FOR U.S. MANUFACTURE SEVERAL OPTIONS:

1. DEPOSIT OF CASH IN BANCO DE LA NACION IN ACCOUNT OF AA.
2. DELIVER TO AA OF CERTIFIED CHECK DRAWN ON LOCAL BANK.
3. PURCHASE OF APPROVED LOCAL PUBLIC AND PRIVATE DEBT INSTRUMENTS (E.G. FEDERAL TREASURY BONDS, STOCK IN APPROVED COMPANIES) TO THE ORDER OF AA.
4. NEGOTIATE LOCAL BANK GUARANTEE.
5. DELIVERY OF OPEN ENDED PROMISORY NOTE (WHICH COULD BE IN US DOLLARS).

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3. REPS OF BEECH AIRCRAFT CLAIMS THAT REQUIREMENT OF GUARANTEE

VIOLATES CURRENT PRACTICE OF SALES FINANCED THROUGH FMS PROGRAM:
THAT US REGS MAY WELL INHIBIT FMS BENEFICIARY FROM IMPOSING
ONEROUS FINANCIAL CONDITIONS ON US MANUFACTURES IN CONNCECTION
WITH SUCH SALES, AS IN PRESENT CASE - I.E. 20PERCENT GUARANTEE.
EMBASSY IS INFORMED THAT AA OFTEN IMPOSES THIS CONDITIONS IN ITS DEAL
ING
WITH LOCAL SUPPLIERS.

4. EMBASSY WOULD APPRECIATE ANY GUIDANCE DEPARTMENT CAN PROVIDE
ON POINTS RAISED IN ABOVE PARA.
CHAPLIN

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Message Attributes

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